



FEDERAL ELECTION COMMISSION
WASHINGTON, D.C. 20463

Robert K. Kelner, Esq.
Covington & Burling, LLP
1201 Pennsylvania Avenue, NW
Washington, DC

DEC 19 2011

RE: MUR 6417
Jim Huffman for Senate, *et al.*

Dear Mr. Kelner:

On December 15, 2011, the Federal Election Commission accepted the signed conciliation agreement submitted on your clients' behalf in settlement of violations of several provisions of the Federal Election Campaign Act of 1971, as amended (the "Act"), and a violation of a regulation promulgated pursuant to the Act. Specifically, the signed conciliation agreement settles violations of 2 U.S.C. § 441a(f), 2 U.S.C. § 434(b)(3)(E) and 11 C.F.R. § 104.3(d)(4) by Jim Huffman for Senate and Lisa Lisker, in her official capacity as treasurer, a violation of 2 U.S.C. § 441a(f) by James Huffman, and a violation of 2 U.S.C. § 441a(a) by Leslie Spencer. Accordingly, the file has been closed in this matter.

Documents related to the case will be placed on the public record within 30 days. See Statement of Policy Regarding Disclosure of Closed Enforcement and Related Files, 68 Fed. Reg. 70,426 (Dec. 18, 2003) and Statement of Policy Regarding Placing First General Counsel's Reports on the Public Record, 74 Fed. Reg. 66132 (Dec. 14, 2009). Information derived in connection with any conciliation attempt will not become public without the written consent of the respondent and the Commission. See 2 U.S.C. § 437g(a)(4)(B).

Enclosed you will find a copy of the fully executed conciliation agreement for your files. Please note that the civil penalty is due within 30 days of the conciliation agreement's effective date. If you have any questions, please contact me at (202) 694-1650.

Sincerely,

A handwritten signature in black ink that reads "Delbert K. Rigsby".

Delbert K. Rigsby
Attorney

Enclosure
Conciliation Agreement

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FEDERAL ELECTION COMMISSION

BEFORE THE FEDERAL ELECTION COMMISSION

2012 JAN 30 PM 2:04

In the Matter of)
)
Jim Huffman for Senate and)
Lisa Lisker, in her official capacity)
as treasurer)
James Huffman)
Leslie Spencer)

MUR 6417

OFFICE OF GENERAL COUNSEL

CONCILIATION AGREEMENT

This matter was initiated by a signed, sworn, and notarized complaint by the Democratic Party of Oregon. The Federal Election Commission ("Commission") found reason to believe that Jim Huffman for Senate and Lisa Lisker, in her official capacity as treasurer (the "Committee"), violated 2 U.S.C. § 441a(f), 2 U.S.C. § 434(b)(3)(E) and 11 C.F.R. § 104.3(d)(4); James Huffman violated 2 U.S.C. § 441a(f); and Leslie Spencer violated 2 U.S.C. § 441a(a). Jim Huffman for Senate and Lisa Lisker, in her official capacity as treasurer, James Huffman and Leslie Spencer are collectively referred to herein as Respondents.

NOW, THEREFORE, the Commission and the Respondents, having participated in informal methods of conciliation, prior to a finding of probable cause to believe, do hereby agree as follows:

I. The Commission has jurisdiction over the Respondents and the subject matter of this proceeding, and this agreement has the effect of an agreement entered pursuant to 2 U.S.C. § 437g(a)(4)(A)(i).

II. Respondents have had a reasonable opportunity to demonstrate that no action should be taken in this matter.

III. Respondents enter voluntarily into this agreement with the Commission.

IV. The pertinent facts in this matter are as follows:

1. Jim Huffman for Senate is a "political committee" within the meaning of 2 U.S.C. § 431(4), and is the authorized committee of James Huffman.

2. Lisa Lisker is the treasurer of Jim Huffman for Senate.

3. James Huffman was a candidate for United States Senate from Oregon in 2010.

4. Leslie Spencer is the spouse of James Huffman.

5. The Federal Election Campaign Act of 1971, as amended (the "Act"), provides that no person shall make contributions to any candidate and his or her authorized political committee with respect to any election for federal office which, in the aggregate, exceed \$2,400. 2 U.S.C. § 441a(a)(1)(A). No candidate or candidate committees shall knowingly accept any contribution or make any expenditure in violation of section 441a. 2 U.S.C. § 441a(f). The term "contribution" includes any "gift, subscription, loan, advance, or deposit of money or anything of value made by any person." 2 U.S.C. § 431(8)(A)(i).

6. The Act provides that each report shall identify the person who makes a loan to the reporting committee during the reporting period, together with the identification of any endorser or guarantor of such loan, and the date and amount or value of such loan. 2 U.S.C. § 434(b)(3)(E). When a candidate obtains a loan from a home equity line of credit in connection with the candidate's campaign, the candidate's principal campaign committee shall disclose on Schedule C-1 to the report covering the period when the loan was obtained, the date, amount, and interest rate of the loan, the name and address of the lending institution, and the types and value of collateral or other sources of repayment that secure the loan, advance, or line of credit, if any. 11 C.F.R. § 104.3(d)(4).

7. Federal candidates may make unlimited contributions from their personal funds to their campaigns. 11 C.F.R. § 110.10. "Personal funds" include amounts derived from assets

that, under applicable State law, the candidate, at the time of the candidacy, had legal right of access to or control over, and with respect to which the candidate had legal and rightful title or an equitable interest; (b) income received during the current election cycle of the candidate, such as salary and other earned income from bona fide employment; bequests to the candidate; dividends and proceeds from the sale of the candidate's stocks or other investments; income from trusts established before the beginning of the election cycle; and gifts of a personal nature that had been customarily received by the candidate prior to the beginning of the election cycle; and (c) amounts derived from a portion of the assets that are owned jointly by the candidate and the candidate's spouse. 11 C.F.R. § 100.33.

8. The Committee disclosed that James Huffman made six loans totaling \$1.35 million from his personal funds. However, only one of the loans came from Mr. Huffman's personal funds.

9. Leslie Spencer, through her trust account at Fiduciary Trust Company International ("FTCI"), was the source of the funds for five of the loans to the Committee totaling \$1.3 million. FTCI wired funds from Ms. Spencer's trust account in the amounts of \$50,000, \$150,000 and \$200,000 to Mr. Huffman's and Ms. Spencer's joint account at Bank of the West on March 15, 2010, April 8, 2010, and July 1, 2010, that were used to fund loans of the same amounts disclosed by the Committee as from Mr. Huffman's personal funds on March 30, 2010, March 31, 2010, and June 30, 2010, respectively. To fund a loan of \$500,000 on September 14, 2010, also disclosed as from Mr. Huffman's personal funds, Ms. Spencer wired \$500,000 from her FTCI line of credit to the joint bank account at Bank of the West on September 13, 2010, and Mr. Huffman then wired those funds to the Committee's account at Wachovia Bank the next day. On October 13, 2010, Ms. Spencer wired \$400,000 from her FTCI line of credit directly to the

Committee's account at Wachovia Bank for Mr. Huffman's loan of \$400,000, disclosed by the Committee on that same day.

10. The sixth loan was made by Mr. Huffman to the Committee from personal funds derived from his share of an asset jointly owned by Mr. Huffman and Ms. Spencer. On February 25, 2010, Mr. Huffman and Ms. Spencer transferred \$50,000 from a pre-existing home equity line of credit account at Bank of the West, secured by their jointly owned Oregon home, to their joint account at the same bank. The same day, a check for \$50,000 from the joint account made payable to Jim Huffman for Senate was deposited into the campaign account.

11. Mr. Huffman and Ms. Spencer contend that they intended that each of the loans made to the Committee be personal loans from the candidate, and that they operated under a good faith belief that as long as Mr. Huffman's personal loans did not exceed his total share in the couple's joint assets, the personal loans were permissible regardless of the specific origin of the funds.

12. Leslie Spencer made contributions totaling \$4,800 to the Committee on March 31, 2010, with \$2,400 designated for the primary election and \$2,400 designated for the general election.

13. The Committee improperly reported on its original 2010 April Quarterly, 2010 Pre-Primary, 2010 July Quarterly, 2010 October Quarterly and 2010 Pre-General Reports, that five of the loans were from Mr. Huffman's personal funds. The Committee also failed to file a Schedule C-1 to the 2010 April Quarterly Report, which is required to be filed with the report covering the period when the bank loan is made, listing Bank of the West as the lending institution associated with the loan for \$50,000 on February 25, 2010, and providing information about the terms of the loan. 11 C.F.R. § 104.3(d)(4).

14. On January 14, 2011, the Committee filed an amendment to its 2010 April Quarterly Report, which included a Schedule C that indicated that the February 25, 2010 loan from Mr. Huffman was based on a line of credit, and a Schedule C-1 that contained the required information about the home equity line of credit from Bank of the West. The amendment to the 2010 April Quarterly Report also included Schedules C listing Leslie Spencer as the source of the March 30, 2010 and March 31, 2010 loans. The Committee also amended its 2010 Pre-Primary, 2010 July Quarterly, 2010 October Quarterly and 2010 Pre-General Reports disclosing Bank of the West as the lending institution associated with the February 25, 2010 loan and Leslie Spencer as the source of the other loans.

15. Following the complaint in this matter, Respondents took prompt remedial actions, including the amendments discussed in the previous section. In addition, James Huffman contributed \$1.3 million from his personal funds to the Committee. The Committee has refunded \$1.3 million to Ms. Spencer.

V. 1. Leslie Spencer made excessive contributions of \$1.3 million to James Huffman and Jim Huffman for Senate and Lisa Lisker, in her official capacity as treasurer, in violation of 2 U.S.C. § 441a(a).

2. James Huffman and Jim Huffman for Senate and Lisa Lisker, in her official capacity as treasurer, accepted \$1.3 million in excessive contributions from Leslie Spencer, in violation of 2 U.S.C. § 441a(f).

3. Jim Huffman for Senate and Lisa Lisker, in her official capacity as treasurer, improperly reported the source of loans and failed to timely file a Schedule C-1, in violation of 2 U.S.C. § 434(b)(3)(E) and 11 C.F.R. § 104.3(d)(4).

VI. Respondents will take the following actions:

1. Leslie Spencer will cease and desist from violating 2 U.S.C. § 441a(a).
2. Jim Huffman for Senate and Lisa Lisker, in her official capacity as treasurer, and James Huffman will cease and desist from violating 2 U.S.C. § 441a(f).
3. Jim Huffman for Senate and Lisa Lisker, in her official capacity as treasurer, will cease and desist from violating 2 U.S.C. § 434(b)(3)(E) and 11 C.F.R. § 104.3(d)(4).
4. Respondents will pay a civil penalty to the Federal Election Commission in the amount of Twenty-Nine Thousand Nine Hundred dollars (\$29,900), pursuant to 2 U.S.C. § 437g(a)(5)(A).

VII. The Commission, on request of anyone filing a complaint under 2 U.S.C. § 437g(a)(1) concerning the matters at issue herein or on its own motion, may review compliance with this agreement. If the Commission believes that this agreement or any requirement thereof has been violated, it may institute a civil action for relief in the United States District Court for the District of Columbia.

VIII. This agreement shall become effective as of the date that all parties hereto have executed same and the Commission has approved the entire agreement.

IX. Respondents shall have no more than 30 days from the date this agreement becomes effective to comply with and implement the requirement(s) contained in this agreement and to so notify the Commission.

X. This Conciliation Agreement constitutes the entire agreement between the parties on the matters raised herein, and no other statement, promise, or agreement, either written or oral, made by either party or by agents of either party, that is not contained in this written agreement shall be enforceable.

FOR THE COMMISSION:

Christopher Hughey
Deputy General Counsel

BY: Kathleen Guith
Kathleen Guith
Acting Associate General Counsel
for Enforcement

1-26-12
Date

FOR THE RESPONDENTS:

Robert A. Kellar
(Name) Robert A. Kellar
(Position) Partner
Covington & Burling LLP

1/30/12
Date